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Department of the Treasury



Community Development
Financial Institutions Fund
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President Clinton Announces Presidential Awards for Microenterprise Development

by Jeannine Jacokes



Treasury Secretary Robert E. Rubin, Carol Willoughby, owner "Let the Whole World Know", First Lady Hillary Rodham Clinton, and President Clinton at the Microenterprise Development awards ceremony held February 5, 1999 at the White House.

On Friday, February 5, 1999, President Clinton presented six organizations with the 1998 Presidential Awards for Excellence in Microenterprise Development at a ceremony held in the East Room of the White House, followed by a reception in the State Dining Room.

First Lady Hillary Rodham Clinton welcomed 200 guests including representatives from the microenterprise development field, the community development finance industry, funders, government agencies, and Congressional representatives, to the 40-minute cer-

emony. Treasury Secretary Robert E. Rubin described the important role of microenterprise in the domestic economy and introduced microentrepreneur Carol Willoughby, owner of "Let the Whole World Know", a sign creation business in Duluth, Minnesota. Mrs. Willoughby described how her sign creation business has not only been a financial success, but also helped build her confidence and self-esteem. She discussed the key role of the Northeast Entrepreneur Fund in providing access to training, technical assistance and credit necessary to help launch her business.

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It has been more than one year since I assumed leadership of the CDFI Fund and during this time we have built on the good work of the Fund's early years. We have increased our staff, built our management team, evolved our awards processes and received an unqualified audit opinion, with all previous material weaknesses corrected and no new material weaknesses found from our outside auditor, KPMG Peat Marwick. Our appropriation for FY 1999 grew to \$95 million, representing a 19% increase over the previous year.

The President's FY 2000 budget includes \$110 million for the Fund and \$15 million for the creation of the Program for Investment in Microentrepreneurs (PRIME). The PRIME Act was introduced in the Senate by Senators Ted Kennedy and Pete Domenici and in the House by Congressman Bobby Rush and Chairman James Leach. The program will allow the Fund to address the growing need for technical assistance in the microenterprise field. In addition, legislation has been re-introduced in the House by Congresswoman Marge Roukema and Congressman Bruce Vento to reauthorize the Fund.

We have also celebrated with our awardees and in this issue you can read about two special events held here in Washington. The Presidential Awards for Excellence in Microenterprise Development hosted by the President, First Lady and Secretary Rubin at the White House; and the Recognition Ceremony for the 1998 CDFI Program and BEA awardees hosted by Secretary Rubin and me at the Treasury. In addition, we have traveled throughout the country to see the good work our awardees are doing at closing events, open houses and other gatherings.

We have put in place a year-long calendar of our award programs (see page three) so that potential applicants can better plan and Fund staff can better prepare for the awards selection process. To date, the Fund has made 123 awards totaling \$122 million through the CDFI Program's Core Component; 70 awards totaling \$3 million through the CDFI Program's Technical Assistance Component; and 171 awards through the Bank Enterprise Award Program totaling \$57.5 million. Please read about the CDFI Program's Core and Intermediary Rounds on page 11 and the Technical Assistance Round on page five.

We have launched the Native American Lending Study and Action Plan that is intended to stimulate access to capital on Indian Reservations and other land held in trust by the United States. As a part of that plan, we are holding 13 workshops throughout the country, involving the Native American community, financial institutions, state agencies and community development organizations. The goal is to identify the barriers to lending and investment in these communities and make recommendations for removing them. We hope to have this completed in FY 2000.

You will be hearing more during the year about research and evaluation of the investments we've made in Community Development Financial Institutions, through our in-depth case studies and performance outcome surveys (see page five) and about our new Training Program. We are also planning to conduct a feasibility study for a secondary market program for CDFI loans.

So many of you have provided tremendous support and insight into our work and it is because of your input and feedback that we have been able to accomplish so much in a very short period of time. I encourage all of you to keep in touch and help us achieve our vision: an America in which all people have access to capital and financial services.

Ellen W. Lazar

New Faces at CDFI Fund

The CDFI Fund welcomes several new employees who have joined in our mission to promote access to capital in America's distressed communities. The following includes recently hired senior and program staff:

- **James Berg** has joined the Fund as a Financial and Program Analyst. Most recently, James worked as the Community Development Lending Officer for the Rural Community Assistance Corporation in Denver, Colorado. Prior to that, James served as Industrial Development Specialist for the Navajo Nation. He is an enrolled member of the Oglala Lakota Tribe and a graduate of the University of Denver.

- **Ronald Chung-A-Fung** has joined the Fund as Attorney Advisor. Ron came to the Fund from the Boston offices of Perkins, Smith & Cohen, LLP where he was an Associate. Prior to that he served as Judicial Clerk to the Massachusetts Superior Court. Ron is a graduate of Yale University and Georgetown University Law Center.

- **Donna Fabiani** is the Financial and Program Advisor for the Fund's new Policy and Research Unit. Previously, Donna was the Director of FINCA USA, a microenterprise program based in Washington, DC and a first-round CDFI Fund Awardee. Prior to that, she held several positions with Catholic Relief Services. Donna has degrees from Colby

College and Princeton University Woodrow Wilson School of Public and International Affairs.

- **Deatra Perkins** has joined the Fund as a Financial and Programs Analyst. Deatra served as the Vice President of Operations and Training for the National Women's Business Center in

Washington DC. Prior to that, she was the Director of the Microloan Program at the American Women's Economic Development Corporation. She holds a Bachelor of Business Administration degree from Howard University and a Master of Business Administration degree from the University of Iowa.

• FY 1999 Program Calendar • • •

CDFI Program

Core Component:	NOFA Published	Oct 26, 1998
	Application Deadline	Feb 4, 1999
	Awards Announced	July 1999

Intermediary Component:

NOFA Published	Oct 26, 1998
Application Deadline	Feb 2, 1998
Awards Announced	May 1999

Technical Assistance

Component:	NOFA Published	Jan 29, 1999
	Application Deadline	Apr 27, 1999
	Awards Announced	August 1999

BEA Program

NOFA Published	Sept 1, 1998
Application Deadline	Nov 24, 1998
Final Report/Deadline	July 27, 1999
Awards Announced	Sept 1999

Presidential Awards for Excellence in Microenterprise Development

Competition Opens	May 5, 1999
Application Deadline	August 3, 1999
Awards Announced	Nov 1999

The BusinessLINC Initiative: Encouraging Entrepreneurial Growth and Economic Development

by Clifton Kellogg

BusinessLINC is a unique partnership between the federal government and America's business community to encourage large businesses to work with small business owners and entrepreneurs, especially in America's cities and in economically distressed areas. In December, the Vice President released a report, "BusinessLINC: Learning, Information, Networking and Collaboration — Business-to-Business Relationships that Increase the Economic Competitiveness of Firms", documenting the strategies and key success factors behind these business relationships (for copies, see businesslinc.sba.gov and treas.gov/businesslinc).

A national BusinessLINC

coalition is forming that will spread information about best practices and will encourage local organizations to help match the contributions of large and small firms. Organizations such as the National Minority Supplier Development Council, the Conference Board, the Black Chamber of Commerce, the Business Roundtable, the Women's Business Enterprise National Council and the Hispanic Chamber of Commerce have met to discuss how their local affiliates might participate.

The BusinessLINC report provides numerous real-world examples of how intermediaries (such as certain CDFIs) and other companies can start programs.

For intermediaries, models include structured firm-to-firm matchmaking, volunteer executives, peer groups, advisory boards, "boot camps" and large firm-to-microenterprise mentoring. For individual firms, models include classroom and small business colleges, "adopt-a-supplier" intensive technical assistance, joint marketing agreements, executive grooming and joint ventures. Financial institutions can also provide small business colleges, intensive financial counseling and post-loan technical assistance.

The BusinessLINC report resulted from the Vice President's charge to Treasury Secretary Rubin E. Rubin and Small Business

(continued on page 8)

New CDFI Certifications

by Joseph Firschein

The Fund has certified 280 CDFIs nationwide. For a complete listing, please refer to our website at www.treas.gov/cdfi.

The following are CDFIs certified since October 1998.

Anchorage Neighborhood Housing Services, Inc.
Anchorage, AK
Austin Community Development Corporation
Austin, TX
Bethlehem Community Development Credit Union
Chattanooga, TN

Berean Federal Savings Bank
Philadelphia, PA
Charlotte-Mecklenburg Housing Partnership, Inc.
Charlotte, NC
Chattanooga Community Development Financial Institution
Chattanooga, TN
Community Development Ventures, Inc.
Baltimore, MD
Community Ventures Corporation
Lexington, KY
Community Works in West Virginia, Inc.
Big Chimney, WV
FBA Bancorp, Inc.
Chicago, IL
Genesee Co-Op Federal Credit Union
Rochester, NY

Lightstone Community Development Corporation
Moyers, WV
Mountain Association for Community Economic Development
Berea, KY
Neighborhood Housing & Development Corporation
Gainesville, FL
Ponce Neighborhood Housing Services, Inc.
Ponce, PR
Shorebank Enterprise Pacific
Ilwaco, WA
Southern Kentucky Economic Development Corporation
Somerset, KY
Westchester Housing Fund, Inc.
Hawthorne, NY

CDFI Research - Update

by Donna Fabiani

This Fall, the CDFI Fund significantly increased its research and evaluation activities. We plan to continue to place emphasis on these activities for the foreseeable future. The Policy and Research Unit, within which I was hired as Program Advisor in December, is leading the Fund's efforts in this arena. Currently, we are focusing on three areas:

- Measuring the performance and outcomes of the Fund and its awardees;
- Streamlining the Fund's application and award processes; and
- Promoting the CDFI industry through research and development.

In late 1998, the CDFI Fund began administering two evaluation initiatives, an annual outcomes survey and case studies. The outcomes survey collects from CDFI Program awardees uniform performance and outcomes data such as the volume of lending, the number of businesses receiving business training, the number of child care facilities developed, and the number of low-income housing units developed. In January 1999, the Fund sent the survey to first-round (1996) CDFI Program awardees. We plan to issue a report of findings in the spring.

In fall 1998, we began conducting in-depth case studies of selected awardees to analyze their

activities within their local economic development contexts. To date, we have conducted three case studies in Boston, Santa Cruz and San Antonio. We plan to conduct other case studies later this year. We anticipate sharing case study findings with the CDFI industry and others over the course of the next 12 months.

This spring, we will begin a review of our award application and approval processes with the goal of streamlining these processes to the maximum extent practical and prudent. We will be consulting with the field for input on how we can make these processes more efficient and "user-friendly", and maintain high selection standards.

Finally, in the area of research and development, the Fund plans to work collaboratively with practitioners, researchers, trade organizations and other funders in our efforts to advance the CDFI industry. One of the first challenges we will address is developing a standard set of indicators for measuring CDFIs' successes. Many key players in the industry are already working on this issue. We want to join them. The development of such indicators will help the field demonstrate its community development impact to potential funders and investors and simplify data collection and reporting systems.

T **Technical Assistance**

by Fred Cooper

One of the most important goals of the CDFI Program is to build the capacity of CDFIs to serve economically distressed communities and individuals that lack access to capital. As lending and investment capital is increasingly made available to CDFIs through the Fund and other sources, it is important to strengthen CDFIs' ability to deploy these capital resources in an efficient and prudent manner. Technical Assistance (TA) grants from the Fund can help a CDFI strengthen its institutional capability to effectively use new or expanded sources of lending capital.

Recipients of TA grants from the Fund may use these funds to cover the costs of building or enhancing their organizational or financial capacity. The most typical uses of TA grants have included the purchase of consulting services, office technologies to improve operating efficiencies, and training for staff or board members.

TA grants may be obtained from the Fund under two components of the CDFI Program: Core and TA. Under the Core Component, an applicant may request TA to help implement a

(continued on page 11)

Presidential Awards

(continued from cover page)

The President presented an award to the Micro Industry Credit Rural Organization of the PPEP Microbusiness and Housing Development Corporation, Inc. of Tucson, Arizona for excellence in promoting access to capital. In recognition of their leadership as training and technical assistance providers, the Detroit Entrepreneurship Institute of Detroit, Michigan and the Northeast Entrepreneur Fund of Virginia, Minnesota received awards for excellence in developing entrepreneurial skills. The Institute for Social and Economic Development of Iowa City, Iowa was recognized for its commitment to serving low-income clients through an award for poverty alleviation. The President recognized the Corporation for Enterprise Development of Washington DC for its long-standing role in policy development and industry capacity building with an award in the public or private support for microenterprise development category. The Montana Microbusiness Finance Program of Helena, Montana received an award in the public or private support category for its work as a state-sponsored model for creating and supporting microenterprises in a rural state.

The Presidential Awards for Excellence in Microenterprise Development were created to implement a commitment made by the United States at the United Nations Fourth World Conference on Women, held in Beijing China in September 1995. President Clinton directed the Treasury Department to establish the Presidential Awards, which are administered by the CDFI Fund. By recognizing outstanding microenterprise development organizations, the non-monetary awards bring wider public attention to the important role and success of microenterprise development in the domestic economy. The first Presidential Awards were made in January 1997.

EXCELLENCE IN MICROENTERPRISE

Frank Ballesteros, PPEP Microbusiness and Housing Development Corporation, Inc.; Entrepreneur Maria Jesus Gaxiola; and First Lady Hillary Rodham Clinton.



Established in 1987, the **Micro Industry Credit Rural Organization (MICRO)** of Tucson, Arizona is one of the oldest Hispanic development organizations and one of the oldest microenterprise loan funds in the nation. MICRO was recognized as a 1998 Presidential awardee in the Access to Capital award category for its "best practices" as a high impact, credit-oriented model for promoting microentrepreneurship in low-income, rural Arizona communities.



Carol Willoughby, owner of "Let the Whole World Know"; President Clinton; and Mary Mathews, Northeast Entrepreneur Fund, Inc.

Providing microentrepreneurs with the building blocks for success is the cornerstone of the **Northeast Entrepreneur Fund, Inc. (NEF)** of Virginia, Minnesota. Created in 1989, NEF was recognized as a 1998 Presidential awardee in the Developing Entrepreneurial Skills award category for its strong commitment to developing and implementing impact measures for assessing the performance of training-based microenterprise programs, as well as providing an effective and flexible model for delivering skill development services to rural entrepreneurs.

DEVELOPMENT AWARD WINNERS



Heidi and Kevin Snyder, Owners "Total Body Racquetball & Fitness Center"; President Clinton; and Robyn Hampton, Montana Microbusiness Finance Program.

The Montana Microbusiness Finance Program (MMFP) of Helena, Montana builds the capacity of local organizations to promote community asset-building and microbusiness ownership. Created in 1991, MMFP is recognized in the Public or Private Support for Microenterprise Development award category as a state-sponsored model for creating and assisting microenterprises in a rural state.

The Institute for Social and Economic Development (ISED) of Iowa City, Iowa was founded in 1989 and has proven its long-term staying power while maintaining a strong and aggressive commitment to serving its low-income clientele. ISED is recognized as a Presidential Awardee in the Poverty Alleviation award category for its success in serving low-income clients, its effective program design and its commitment to promote the evolution of the microenterprise development field through impact measurement.



John Else, Institute for Social and Economic Development; Rhonda Auten, owner "Showtime Dance School"; and First Lady Hillary Rodham Clinton.

Founded in 1978, the Corporation for Enterprise Development (CFED) of Washington D.C. has been one of the leaders in the development of the U.S. microenterprise industry. CFED is recognized in the Public or Private Support for Microenterprise Development award category for its commitment to low-income people and its vision, creativity and initiative.



Cathy McClelland, Detroit Entrepreneurship Institute, Inc.; Jacqueline Tucker, owner "Eternal Pleasures Catering"; and President Clinton.

The Detroit Entrepreneurship Institute, Inc. (DEI) of Detroit, Michigan provides a one-stop shop for aspiring microentrepreneurs. Created in 1990, DEI is recognized as a Presidential awardee in the Developing Entrepreneurial Skills award category for providing a uniquely comprehensive range of training, technical assistance and business support services targeted to low-income people and people needing public assistance.



First Lady Hillary Rodham Clinton; Robert Friedman, Corporation for Enterprise Development; and President Clinton.

Administration Administrator Aida Alvarez to lead this initiative. Last summer and fall, Treasury, SBA and other federal agencies conducted six regional meetings on the ways the large businesses could assist smaller firms. On December 16, 1998, the Vice President convened the second White House Business and Entrepreneurial Roundtable with Secretary Rubin, Administrator Alvarez, and CEOs from several leading American corporations and small businesses. At the meeting, the Vice President announced new federal initiatives and private sector commitments in support of BusinessLINC.

BusinessLINC Leadership Coalition

The Vice President announced the formation of a BusinessLINC leadership coalition of experts, comprised of both public and private sector representatives. The coalition will work to expand business-to-business relationships between large and small businesses and will provide businesses with on-line information, resources, and a comprehensive database of companies with an interest in mentor or protégé programs (<http://businesslinc.sba.gov>).

HUBZone Empowerment Contracting Program

The Vice President announced the implementation of the new HUBZone Empowerment Contracting program with up to \$6 billion in new Federal contracts targeted to small businesses and distressed areas by the year 2000. In addition, it will widen the pool of potential government contractors and create an estimated 25,000 new jobs in over 7,000 distressed communities.

Department of Treasury and SBA Mentoring Programs

The Vice President announced that both the Treasury Department and the SBA will create mentor-protégé programs. The Treasury Department program — Success Partnerships — will help increase the participation of small, disadvantaged and women-owned businesses as contractors and sub-contractors by offering technical advice, financial and management skills, endorsement credibility, and one-on-one advice from large companies. The SBA counterpart will seek to enhance the capabilities of participants in the agency's 8(a) business development program, and to improve their ability to compete and receive Federal government contracts.

New private sector commitments include:

- Bell Atlantic committed to \$1.8 billion in purchasing and subcontracting with minority and women-owned businesses;
- GE Capital committed to open a fifth Small Business College in St. Louis and to expand its existing four colleges to urban small businesses, which offer business advice to entrepreneurs in distressed areas;
- Science Applications International Corporation (SAIC) will execute joint marketing agreements with small businesses and will support relationships with small businesses in the new HUBZone areas; and
- Chase Manhattan will create a new program that will connect its senior bank officers with women and minority small business owners, and will open a third Business Resource Center to assist small businesses in the Bronx.

For more information about BusinessLINC, call (202) 622-0016.

Clifton Kellogg is the Senior Policy Advisor in the Office of Community Development Policy at the Department of the Treasury.

Federal Guarantees Available for Loans to Community Health Centers

by Bruce Gray
Dept. of Health and Human Services

Health Centers are the heart of America's health care "safety net." They are community-based, nonprofit organizations that provide comprehensive primary and preventive health care and social services to medically underserved peoples. The Federal government, through the Health Resources and Services Administration's Bureau of Primary Health Care, currently provides funding to approximately 700 such centers which, in turn, operate over 3,000 sites, employ 5,500 primary care practitioners, and serve over 10 million people annually.

Health Centers have a successful, 30-year track record of delivering cost-effective, high-quality health care. However, since their inception, Health Centers have encountered challenges in obtaining loans for building and equipment projects. Health Center-owned managed care networks and plans have similarly experienced difficulties accessing capital at reasonable interest rates. In 1996, Congress authorized a loan guarantee program to enable Health Centers and their affiliated plans and networks to obtain capital previously unavailable or available only at high interest rates. The guarantees are for loans made by non-Federal lenders to Health Centers funded under section 330 of the Public Health Service (PHS) Act. As of February, 1999, \$151 million in loan guarantee authority remained which will be available until it is obligated.

Under the Loan Guarantee Program for Health Center Facilities, loan guarantees may be provided for up to 80 percent of the loan amount for construction, renovation and modernization of medical facilities that are owned and operated by Health Centers. Under the managed care loan guarantee program, loan guarantees may be provided for up to 90 percent of the loan principal amount for Health Centers to develop, operate and own networks and up to 85 percent for Health Centers to develop, operate and own health plans.

CDFIs and traditional financial institutions may consider using these programs to bolster existing relationships and build new partner-

ships with Health Centers in their communities. Illinois Facilities Fund, a certified CDFI, has made loans to a number of Health Centers in Illinois over the last several years. For example, it has made two loans to Sinai Family Health Centers, with sites in distressed neighborhoods of Chicago. One \$200,000 loan was used for leasehold improvements to renovate a new site. A second \$400,000 loan was used for construction of an additional facility.

Primary Care Development Corporation (PCDC), is a certified CDFI and Fund awardee in New York City. To date, PCDC has invested \$80 million toward the creation of 17 new or expanded primary care facilities across NYC, creating the capacity for 540,000 additional outpatient visits annually.

Assistance is available to both Health Centers and lenders wishing to participate in the loan guarantee programs. As Lender Coordinator, National Cooperative Bank (NCB) may either participate with another lender of a Health Center's choosing to make the loan or coordinate the documentation process for a loan made to a Health Center by another bank. In addition, the non-profit Capital Link, Inc. acts as a provider of business consulting services to Health Centers for planning and obtaining financing for facility development projects. Capital Link offers assistance and training on strategic and business planning, fundraising, debt financing, and primary care facility development. If a Health Center desires assistance developing its pre-application for the loan guarantee, Capital Link's services are available free of charge.

For more information on the HRSA Health Center Loan Guarantee Program or Capital Link, contact Joe Fitzmaurice in HRSA's Bureau of Primary Health Care (301-594-4313 or jfitzmaurice@hrsa.dhhs.gov). Brochures describing in full the two components of the loan program and the Capital Link resource are available upon request.

Guest Essay - A Practioner's View of the Presidential Awards

By Chris Sikes, Executive Director of the Western Massachusetts Enterprise Fund and Board Member of the Association for Enterprise Opportunity

On a cold, dark morning last November, I was fumbling around the back of my station wagon to find the jack, wrench and spare tire. It was hard to imagine then, as I was about to miss my plane to Washington, that two months later I would be standing to applaud the President, First Lady and Treasury Secretary Rubin as the Marine Band played "Hail to the Chief."

I was on my way to Washington to serve as a member of the review panel for the 1998 Presidential Awards for Excellence in Microenterprise Development. The two-day meeting brought together review panel members from across the country consisting of mostly practioners, and also included representatives from government agencies, researchers, funders and others from the microenterprise field. The group consisted of many of the most knowledgeable people in the microenterprise development field discussing some of the best microenterprise development organizations in the country.

As a general observation, I would say that the review panel's discussion showed the greatest respect to the organizations under consideration. The panel members also shared a keen sense that we wanted to "set the bar high" and recommend the very best organizations to receive awards from the President. I left the two-day meeting exhausted, but feeling the relief and satisfaction of knowing that we had recommended excellent organizations for the awards. I also left feeling a sense of accomplishment that the field had developed such a breadth of knowledge and expertise.

I believe that the Presidential Awards are important to the field for several reasons. First, they provide national recognition to the field and legitimize microenterprise as both a poverty alleviation and an economic development strategy. Second, the awards set standards for the field with the organizations

selected serving as benchmarks by which other organizations can measure their own progress. Third, I believe that very few other places hold the microenterprise development field as accountable as does the CDFI Fund with its Presidential Awards. The application and review processes and evaluation criteria consider the capacity of each organization in a strategic and objective way with focus on looking for ways to improve the capacity of the microenterprise development field.

One day in late January, I got the message from the White House inviting me to attend the awards ceremony on February 5. No matter where you are, it's a great thrill to get an invitation to go to the White House!

Once at the White House, the guests were ushered and seated in the East Room by the social aides. In the East Room, we waited for what seemed like hours (in reality it was only 45 minutes) while the President, the First Lady and Treasury Secretary Rubin met privately with the award recipients. The ceremony began with the award winners being announced into the room. The band began to play "Hail to the Chief" as the President, the First Lady, Secretary Rubin and microentrepreneur Carol Willoughby entered the room to a standing ovation.

The First Lady and Secretary Rubin spoke first. The First Lady brought a personal tone in her remarks, describing how microenterprise development provides an opportunity for those who are at the greatest disadvantage to receive the training and the financing to make an entrepreneurial dream come true. Secretary Rubin focused on microenterprise as a key component to economic revitalization of poor communities in the United States. It was clear from the Secretary's and the First Lady's remarks that their commitment to microenterprise continues to be as strong as it was when the first

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award ceremony took place in January 1997.

President Clinton's remarks were both informed and inspirational. He spoke about the sense of empowerment that comes from starting a micro-business — and from helping people to shape an idea and put it into action. He brought the message home to all of us by asking, "in these prosperous times, if we can't create prosperity [for all] now, then when can we do it?"

I wish well-deserved congratulations to all of the 1998 Presidential Awardees! Finally, I would like to acknowledge the good work done by the CDFI staff.



1998 Presidential Awardees and entrepreneurs after the ceremony at the White House.

Technical Assistance

(continued from page 5)

comprehensive business plan. In the 1998 round of the Core Component, approximately one-third of the awardees received TA grant awards in addition to capital awards, and one Awardee requested and received a TA grant only.

In 1998, the Fund launched the TA Component of the CDFI Program. Applicants to the TA Component may request only a TA grant award. In 1998 we received 112 applications. We selected 70 of those institutions to receive TA grant awards. The average grant award amount was \$42,638. The TA Component has attracted applications from many small and newly formed entities.

The anticipated maximum amount of the TA grant under the 1999 round of the TA Component is \$50,000. There are no matching funds requirements for TA awards. Under the 1999 round of the Core Component, the anticipated maximum award, including any dollars for TA, is \$2.5 million.

The 1999 round of the TA Component opened on January 29, and applications are due on April 27. The Fund conducted informational sessions in 18 locations throughout the country during March.

CDFI Core and Intermediary Applications

Applications have been received for the 1999 CDFI Program's Core and Intermediary Components. Eight applications, requesting \$16 million, were received by the February 2nd deadline for the Intermediary Component; and 152 applications, requesting \$192 million, were received by the February 4th deadline for the Core Component. The Notice of Funds Availability was published in the Federal Register on October 26, 1998 with a subsequent notice published on December 4, 1998 to extend the application deadline. Awards are expected to be made at the end of July.

1998 RECOGNITION AWARDS



(Left) More than 200 people gathered from throughout the United States for a Recognition Ceremony hosted by Treasury Secretary Robert Rubin and CDFI Fund Director Ellen Lazar, in the Cash Room at the Treasury Department on November 19, 1998. The ceremony recognized the 1998 CDFI Program Core and Technical Assistance Component and the Bank Enterprise Award recipients. In addition to Secretary Rubin and Director Lazar, then Treasury Under Secretary John D. Hawke addressed the audience after hearing from three guest speakers who shared personal stories of how the Fund's investments added value to their lives.

(Below) CDFI Fund Deputy Directors Maurice Jones and Paul Gentile (far left) stand next to Director Lazar, the guest speakers and several other awardees on the steps of the Treasury outside the Cash Room. US Treasurer Mary Ellen Withrow (far right) and then Treasury Under Secretary John D. Hawke posed for several photos with the awardees.



OS CEREMONY HIGHLIGHTS



(LEFT) United States Treasurer Mary Ellen Withrow (left) invited the guest speakers to spend time with her in her office. Mrs. Lucretia McDonald, owner of McDonald Funeral Home, a family operated business, shared her story with a wonderful sense of humor. The Enterprise Corporation of the Delta, based in Jackson, Mississippi and a 1996 CDFI Program awardee, invested in Mrs. McDonald's business and provided her with valuable technical assistance.

The second guest speaker came to our attention through Coastal Enterprise, Inc. of Portland, Maine a 1997 CDFI Program Awardee that received \$2.5 million for its business loan fund. Coastal Enterprises worked with Care Development to expand an innovative foster care support facility. Having run away from an abusive home, and lived on the streets, our guest speaker told us of her struggle to become the self-sufficient, confident young woman she is today.



(RIGHT) Mr. Jesse Jones (seated center) is the owner of Gregory Truckbody, an emergency vehicle company in Oakland, California, and is seen talking to then Treasury Under Secretary John D. Hawke prior to the awards ceremony. Through funds provided by Community Bank of the Bay, a certified CDFI and both 1996 & 1997 BEA awardee, Mr. Jones was able to realize his dream of owning his own company. Gregory Truckbody is the only African-American owned emergency truck manufacturing business in the United States.



U.S. Department of the Treasury Announces New, Low-Cost Account for Receiving Federal Benefits

*by Product Promotion Division,
Financial Management Services*

Managing money was easier in the old days. Stuff it in a mattress, a cookie jar, or a piggybank. Use cash to pay bills and buy products and services.

Today, computer transactions, electronic transfers, and ATM cards are popular methods of handling ordinary, daily transactions ranging from grocery shopping to buying and selling stocks.

The benefits of "electronic" banking -- and Direct Deposit in particular -- include convenience, immediate access to deposits and personal safety. People no longer need to make trips to the bank or grocery store to cash a check, wait for checks to clear, or carry large amounts of cash.

However, according to a recent Federal Reserve Consumer Finances survey, approximately 12 million households do not have an account at a financial institution. The survey found that many people see such accounts as a luxury, because they do not have enough income or believe the cost of maintaining an account is too high. Thus, low-cost accounts can be a good option for today's cash consumer.

Even individuals whose only income is a government check may well benefit from having an account at a Federally insured bank, savings and loan, or credit union. In fact, a recent law encourages recipients of Social Security, Supplemental Security Income, veterans benefits, and Federal salary and retirement payments to choose direct deposits with their accounts.

To encourage Federal check recipients to choose accounts at financial institutions and use Direct Deposit, the Department of the Treasury recently announced plans for an easy and affordable option - the Electronic Transfer Account (ETA). Although the final attributes of the new ETA are still under discussion, the

Treasury Department expects ETAs to be offered this summer through participating Federally insured financial institutions, including banks, savings and loans, and credit unions. The accounts will provide the full range of consumer protections.

As now proposed, ETAs will be available to individuals who receive Federal benefits, wages, salary or retirement payment. ETAs will be subject to a maximum cost of \$3.00 per month, provide for a minimum of four cash withdrawals per month, (to be included in the monthly fee) and require no minimum balance, except as required by Federal or State law.

"We want Federal payment recipients to be able to benefit from the advantages of electronic banking, even if their government check is their only source of income," said Donald V. Hammond, Treasury's Fiscal Assistant Secretary. "With the safety and convenience of Direct Deposit, recipients will be assured their Federal payments are deposited and available on the same day they are paid."

CONGRATULATIONS...
*John D. Hawke, former
Treasury Under Secretary
for Domestic Finance on
his appointment as the
new Comptroller of the
Currency.*

CDFI Fund Management and Staff

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